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The Politics of Corruption in China

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An Intelligence Assessment

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The Politics of Corruption in China

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Key Judgments

Beijing's anticorruption campaign poses a dilemma for China's reform leadership. Some leaders, most prominently Chen Yun, see the campaign as an effective way to improve the party's blackened image and to discredit the critics of reform. Deng Xiaoping, however, apparently has reservations about the effort. If not handled with the utmost care, it could boomerang, threaten Deng's political allies, further tarnish the party's image, and discredit the very policies that the reformers seek to advance.

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Figure 1. Chen Yun (left) and Deng Xiaoping (right)—cleansing the party is "a matter of life or death" China Pictorial ©

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A "Life or Death Matter"

Beijing launched the anticorruption campaign in January with a propaganda blitz promoting the elimination of smuggling, bribery, profiteering, speculation, and graft as well as their causes. The "Decision on Economic Crimes," jointly issued by the Central Committee and the State Council on 13 April, specifically targeted crimes involving large economic losses and party or state officials. Official and unofficial commentary implied that senior political figures would be indicted and that a few serious violators would be executed as examples.

Politburo member Chen Yun—after Deng perhaps the most esteemed figure in China and the leader most closely associated with efforts to restore party discipline—flexed his political muscles to win a campaign against economic crimes.

Deep concern about the party's image and the specter of Poland must have figured in the leadership's deliberations. Chen has called the rehabilitation of party prestige and the correction of its work style "a matter of life or death for the party." Party documents and editorial comment indicate that the Chinese leadership has drawn one lesson from events in Poland: party degeneration begets social disorder; a party lacking credibility can no longer rule. The Cultural Revolution, the privileged lifestyle of party cadres, and the well-known excesses of relatives of senior officials have led many Chinese—particularly intellectuals and youth—to conclude that the party is spiritually bankrupt, is devoid of its earlier vision and dynamism, and now merely seeks its own preservation and preferment for its members, their families, and friends. A crackdown on corruption would help initiate the long process of restoring the party's legitimacy.

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The reformers also saw a need to absolve their program from the widespread criminal abuses that had become popularly associated with it. Critics of reform have argued privately and in the media—whether from conviction or political expedience—that the reform measures themselves are responsible for the increased corruption among party, state, and military officials. Indeed, the critics cite official corruption as clear evidence that Deng's program is flawed, that it appeals to the baser, acquisitive instincts, and that the reforms have unleased these instincts with destabilizing effect. The anticorruption drive is intended to refute this argument and to further isolate those party conservatives who would "stop eating for fear of choking"—that is, who would rather halt the reforms than live with the unintended side effects.

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Dilemmas

Having promoted the anticorruption campaign as one of two overriding tasks of 1982, we believe Deng and his associates cannot abandon it without further damaging the party's image. Nor can they afford to permit the corrupt practices to continue, because such abuses undercut the effectiveness of the reforms and, more importantly, increase the political capital of critics. A full-fledged assault on cadre corruption, however, would implicate some members of the reform coalition and other high officials whom the reformers wish to protect; it would, moreover, alienate allies who value the campaign less highly than other political goals. Yet, a failure to deal with corrupt senior officials fuels public cynicism and diminishes the leadership's credibility.

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Figure 2. Editorial cartoons from China's English-language papers depict widespread corruption

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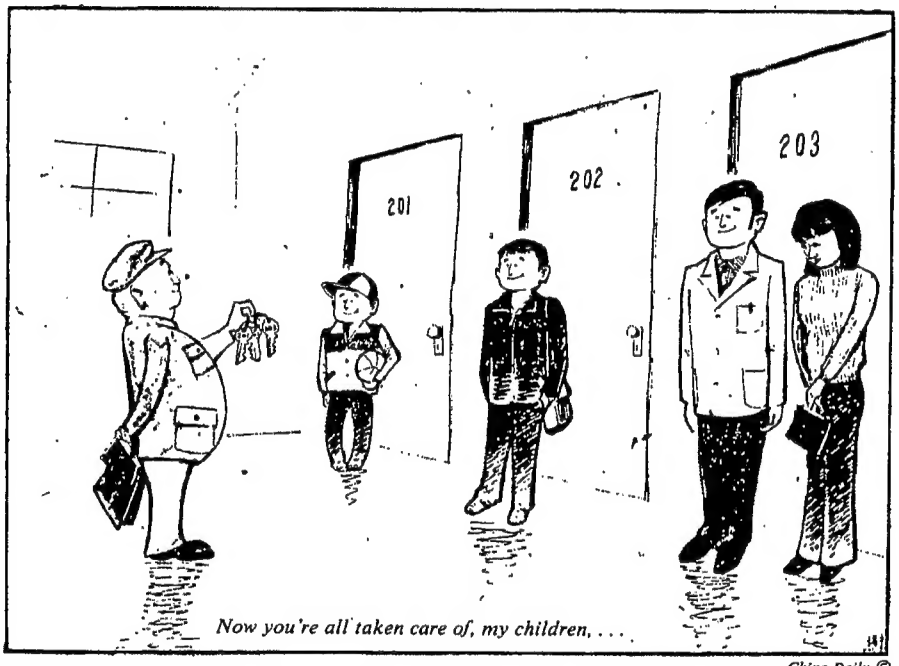
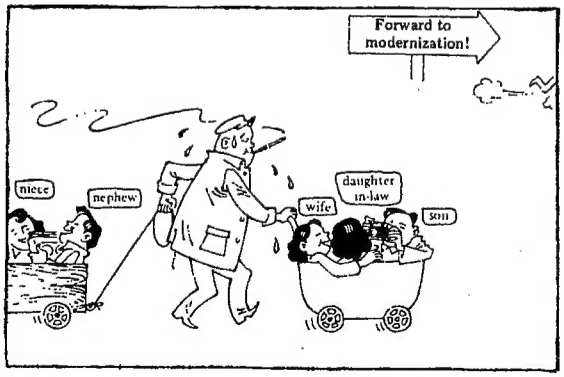
When the sheriff gets hooked, the crooks have a free ride *China Daily ©*

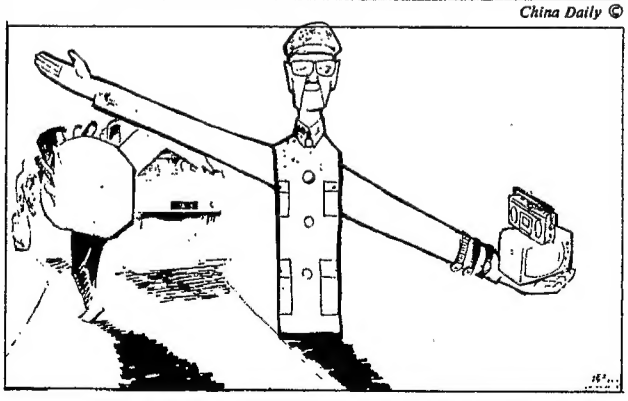


Now you're all taken care of, my children, . . .

China Daily ©



New Observer ©



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Protecting Friends. Beijing has decided to avoid indicting senior officials or even admitting the possibility of misconduct in China's upper political stratum. A speech by then Deputy Propaganda Department Chief Zhu Muzhi—now Minister of Culture—which has been circulated as official guidance, stressed that propaganda should assure the Chinese people that senior officials would never commit economic crimes. [redacted] Deng's apparent reluctance to unfold a nationwide campaign demonstrates his awareness of its potential dangers. [redacted]

The leader whose name is whispered most frequently in connection with corruption is Ye Jianying, aged and ailing member of the Politburo Standing Committee and Chairman of the National People's Congress. Ye is widely rumored to dispense patronage to his large family and their associates in south China and to provide protection for their shady enterprises. [redacted]

Ye has differed with Deng in the past but is apparently going along with present reformist initiatives and thus is unlikely to become a target of a corruption expose. He remains useful in preserving the current leadership consensus and, as a respected "old marshal," in keeping the military in line. Deng therefore appears to be in the difficult position of having to accommodate a formidable and independent-minded ally, Chen Yun, while preserving the appearance of leadership unity that in part depends upon cooperation from the influential Ye. [redacted]

Apart from the question of Ye, the larger concern is to restrict the scope of the investigations. Once the prohibition against high-level disclosures is breached, virtually everyone at the top becomes vulnerable. Geng Biao, the Minister of Defense, and Chen Muhua, the new Minister of Foreign Economic Relations and Trade, were denied places on the party Secretariat for abusing their high rank. Both have generally supported reform policies. Most of the

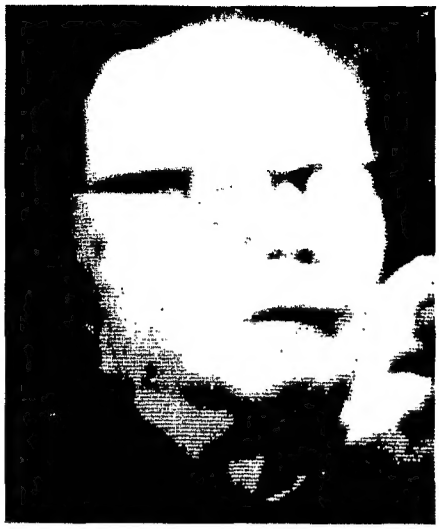

Figure 3. Ye Jianying—rumors of impropriety [redacted]

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members of the Politburo Standing Committee and many other Politburo and Central Committee members have relatives studying abroad. The sheltered, privileged lives of the topmost leadership can at many points be exaggerated into tales of Sybaritic indulgence. Hence the discussion of malfeasance among high leaders needs to be prevented, because Deng and his associates might, as the Chinese saying goes, "be lifting a rock only to drop it on one's own feet." [redacted]

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The case of Yang Yibang, who was Vice Minister of Chemical Industry and General Director of the Yanshan petrochemical works, illustrates how Beijing is attempting to have it both ways on this issue. In 1979 Yang was criticized for improprieties in dealing with foreigners; he received additional criticism at the National People's Congress in 1980, when his story leaked to the Hong Kong media. In early 1981 the Discipline Inspection Commission decided to take formal action against him. For a year, however, nothing was done. Then, in February or March 1982, the Commission circulated a notice to party cadre stating that Yang had received a "serious party warning" for his offenses. Still, the listed transgressions were distinctly minor: accepting small appliances as alleged bribes and arranging for a foreigner

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to adopt a Chinese orphan. As though to soften even this mild censure, the circular also noted that Yang had been a high achiever in his ministry and that he would probably learn his lesson and continue his good work.

Yang's ties to senior officials almost certainly prevented the Commission from taking sterner action earlier. Yang's powerful friends include former party Chairman Hua Guofeng, former Vice Premiers Yu Qiuli and Kang Shien—newly named "state councilors"—and Minister of Agriculture, Forestry, and Aquatic Products and former Beijing party boss Lin Hujia. Although their political fortunes are in decline, Yang's patrons have retained high official positions and contribute to the image of stability at the top so valued by the Chinese. Any deeper inquiry into Yang's case—perhaps to question why he was not disciplined in 1979 when his problems first surfaced—would implicate his protectors, threaten other high officials, and create fresh splits among the leadership.

Some officials within the party have objected to such kid glove treatment and have strenuously argued that no one should be exempt from the glare of public disclosure. The US Embassy, for example, reported that Hu Jiwei, editor of *People's Daily*, had been ordered against his wishes not to print articles on the involvement of senior officials in criminal acts. Apparently in response to this muzzle order, Ruo Shui—a probable pseudonym for Hu's deputy editor, Wang Ruoshui—published a piece in the 25 February edition arguing by analogy that it is the newswriter's duty to record faithfully the misdeeds of the mighty. Ruo also alluded to high-level pressure that can prevent the press from fulfilling this duty.

Protecting the Reforms. We believe the 13 April Decision was, among other things, an attempt by the reformers to curtail an open debate on the principal cause for the increase in economic crimes involving officials. In the months before Beijing expressed itself authoritatively, media commentators appeared to differ on the extent to which the Third Plenum policies were responsible. Some not firmly within the reform camp, such as Secretariat member Wang Renzhong and an unidentified "commentator" within the General Political Department of the People's Liberation

Figure 4. Yang Yibang—guilty of influence peddling

Army, placed substantially greater emphasis on the corrupting effect of foreign influences and, especially, "bourgeois ideology."

Apart from concern over the impact of reforms on social order, the motives of conservative critics are unclear but are almost certainly related to the other political business of 1982: the state reforms, party rectification, and the 12th Party Congress. Deng has previously made concessions to critics who pressed him on the social order question. Consequently, the need to reduce his vulnerability on this issue will almost certainly work to constrain additional policy initiatives now under consideration. The reformers also must beware of the latent xenophobia running just beneath the corruption campaign. Too strident a tone against "bourgeois" Western values threatens to activate antiforeign sentiments among the population; Deng and his allies would prefer to keep these sentiments dormant.

Conservative criticism and other such rumblings have a dual and—from Deng's presumed point of view—negative effect. In the absence of authoritative pronouncements such as that issued on 13 April, such

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criticism legitimizes an avenue of opposition to reform policies. It also unnerves loyal supporters of the reform program who anxiously view such expressions as harbingers of possible policy reversal. Therefore, in the 13 April Decision and subsequent commentary, the reformers have sought to curtail public discussion by generally absolving present policy and by clearly blaming the weakness of individual members for the rise in corruption. As a *People's Daily* "commentator" recently argued, the program is justified by experience, is "completely correct," and "the achievements gained outweigh anything else."

Still, the reformers have had to concede in media commentary that their policies are partially responsible for official corruption but have shifted the primary blame to safe or politically useful targets. While acknowledging that the reforms have created loopholes that would-be criminals can exploit, the reformers emphasize the role of Lin Biao, Jiang Qing, and the Cultural Revolution in creating the conditions—a general erosion of respect for law, moral standards, and so forth—that encourage weak-willed Chinese to follow their acquisitive desires. At the same time, the reformers have found it useful to pin the primary blame on shortcomings within the party and state, thereby providing a convenient rationale for further reforms. By such tactics, the party and state are held culpable for failing to establish effective political, ideological, and administrative measures to immunize Chinese society from germs that blow in through the open door.

The Months Ahead

In keeping with official prescriptions and with Deng's preferences, the campaign against economic crimes has been moderate. Moreover, it has taken a clear second place in action, if not in media coverage, to the state reorganization. We expect the campaign will wind down and disappear in two or three months, as the party and state address the other important tasks of 1982. Even if Deng acquiesced under pressure to the anticorruption drive, he appears to be running it his way, and there are no signs that it will exceed its established bounds.

Despite efforts to limit the scope of the campaign, the level of corruption probably will be reduced, at least for the short term. New, stiff penalties—including

Figure 5. Lin Hujia at a state banquet—the good life at the top

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capital punishment for some serious offenses—came into effect on 1 May, and public security and legal departments are busily expanding to meet the expected surge in business. Further, local Discipline Inspection Committees have been activated and will now serve as permanent "guardians of the guardians." The campaign will probably peak in late May or early June, when the new penalties begin to take hold and the propaganda organs have a chance to trumpet a few exemplary cases of misdeeds, which are certain to provoke severe punishment—all to the "immense satisfaction of the people." The party's demonstration of determination probably will have a deterrent effect at the local level.

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The party's ability to use the anticorruption campaign to improve its image will depend more on the success of the state reforms, party rectification, and Beijing's economic policies. If, in the course of the campaign, the party treats high officials as untouchables, it will only reinforce the perception of the party as a benevolent society for the corrupt.

Beijing's convoluted defense of its reform program will not satisfy those critics who point to the program's undesirable side effects. However, the reformers have shown themselves to be adept at co-opting

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the high ground of principle. Recent press commentary seems intended to disarm critics by acknowledging the harmful results of the reforms while stressing their overriding benefits. Deng will have to deflect criticism of his program continually and further isolate his opponents who, as the 12th Party Congress approaches, will seek to utilize any political handhold to forestall a sweep for the reformers. However, the critics in the party and state should become fewer in number and weaker in political strength as the congress draws close and personnel reforms proceed. [redacted] 25X1

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